

### REMARKS/ARGUMENTS

By this paper, Applicant replies to the Office Action of October 3, 2008 and respectfully requests reconsideration of the application. Applicant requests that the finality be withdrawn as set forth below.

Claims 1-181 are now pending, a total of 181 claims. Claims 1, 2, 28, 31, 53, 56, 60, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179, 180 and 181 are independent.

The Office issued a Restriction Requirement on January 10, 2008. Applicant elected Groups I and III, claims 1-27, 31-52, 56-73 and 74-181, with traverse. Applicant also noted that any proposal to restrict claims 28-30 and 53-55 is too poorly supported in the January 2008 paper to mature into a final withdrawal of claims. If the improper restriction requirement between Groups I and III is maintained, Applicant alternatively elected Group I claims with traverse.

The Final Office Action of October 3, 2008 withdrew claims 28-30, 53-55, and 60-73 (Groups II and III) from consideration. This Response requests reconsideration of the Restriction Requirement below.

The Office Action of October 3, 2008 is made final. This Response requests that the finality of the Office Action be withdrawn on the grounds that the finality is premature. As set forth below, the October 3, 2008 Action is not really a second action on the merits. Additionally, new case law (the *In re Bilski* case) for issues presented (statutory subject matter) makes it unfair to make the rejection final.

Claims 1-27, 31-52, 56-59 and 74-181 stand rejected under 35 U.S.C. 112, 2<sup>nd</sup> paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In particular, language regarding “assistance of a computer” is rejected.

Claims 1-27, 31-52, 56-59 and 74-181 stand rejected under 35 U.S.C. 101 as directed to non-statutory subject matter. Claim 181 is rejected as inoperative and lacking utility.

Claims 1 and 2 are rejected as not requiring any physical transformation and not producing a

useful, concrete and tangible result. Claims 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179, 180 and 181 and dependent claims are rejected as not producing a useful, concrete and tangible result. Claims 1, 2, 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179-181 are rejected as an abstract idea and lacking transformation of any physical subject matter.

**I. Request for Withdrawal of Finality of Office Action - Final Rejection is Premature**

**A. Legal Standard for Final Rejection**

MPEP 706.07 (a) entitled Final Rejection, When Proper on Second Action states:

Under present practice, **second** or any subsequent actions **on the merits** shall be final, except where the examiner introduces a **new ground of rejection that is neither necessitated by applicant's amendment of the claims** nor based on information submitted in an information disclosure statement filed during the period set forth in 37 CFR 1.97(c) with the fees set for the in 37 CFR 1.17 (p).  
(Emphasis added).

In the Office Action of October 3, 2008, Claims 1-27, 31-52, 56-59 and 74-181 were rejected for the first time under 35 U.S.C. 112, 2<sup>nd</sup> paragraph. This is a new ground of rejection for Claims 1-27, 31-52, 56-59 and 74-125 which were previously pending before the November 1, 2006 incomplete Office Action. The October 3, 2008 Office Action is the first Office Action on the merits in response to the paper filed May 1, 2007 requesting a complete Office Action under MPEP § 710.06. Since the Office Action of November 1, 2006 was not complete for all the reasons Applicant set forth in the papers filed February 26, 2007 and May 1, 2007 and incorporated in later filed papers, the Office Action of October 3, 2008 must be treated as the **first** action on the merits, not the second action on the merits. Thus, it is improper to make the October 3, 2008 Office Action final. The piece meal examination prior to the request for a complete office action filed May 1, 2007 can not be relied upon as a first action to make the October 3, 2008 Office Action final. Though the claims were amended in the May 1, 2007 paper, there was no complete first action prior to the amendments. Thus, the October 3, 2008 Action is not a second action, and the rejection

of Claims 1-27, 31-52, 56-59 and 74-125 under 35 U.S.C. 112, 2<sup>nd</sup> paragraph constitutes a new ground of rejection that was not necessitated by Applicant's amendment of the claims following a proper first action. As such, the finality of the Office Action of October 3, 2008 is improper and should be withdrawn.

**B. Clear Issue Should be Met**

MPEP 706.07 entitled Final Rejection states:

Before final rejection is in order a **clear issue** should be developed between the examiner and applicant.

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The examiner should never lose sight of the fact that in every case the applicant is entitled to a **full and fair hearing**, and that a clear issue between applicant and examiner should be developed, if possible, before appeal. (Emphasis added).

In the Office Action of October 3, 2008, Claims 1-27, 31-52, 56-59 and 74-181 were rejected under 35 U.S.C. 101 as directed to non-statutory subject matter. Claim 181 was rejected as inoperative and lacking utility, reference being made to the issue of statutory subject matter. On October 30, 2008, after the Office Action was issued, the Federal Circuit released an opinion in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) regarding the law on statutory subject matter. Therefore, the Office Action and the rejections under 35 U.S.C. 101 rely upon an old and out of date statement of law. It is almost senseless for Applicant to have to address the rejections since they include improper statements of law. A **clear issue** can not have been reached as Applicant has no way of knowing what the position of the Office will be regarding the claims under the new and proper statement of law. Applicant has not had a **full and fair hearing of the claims under the proper statement of law**. Thus, the best course of action is for finality of the Office Action to be withdrawn so the Applicant and examiner can discuss the claims applying the proper statement of law. It is requested that the finality of the Office Action be withdrawn.

At the very least, the application must be reexamined under the new *Bilski* legal standard, so that appeal may proceed on a reasonable footing. Because entirely new reasoning will be required for any rejection, any future § 101 rejections will be "new grounds not necessitated by amendment."

**C. The October 2008 Action is Too Incomplete to Support Final Rejection**

An Office Action can only be final if it addressed all of the claims in the application. 37 C.F.R. § 1.113(b). Because the Action fails to address claims 28-30, 53-55 and 60-73, and states no proper ground for restricting them that has any grounding in the MPEP, the Action is incomplete. An action that is incomplete is no action at all, 37 C.F.R. § 1.104(a)(1) (“The examination shall be complete with respect both to ... the applicable statutes and rules and to the patentability of the invention as claimed”), and a non-action cannot be a final action. 37 C.F.R. § 1.113 (“In making such final rejection, the examiner shall repeat or state all grounds of rejection” – all grounds cannot be stated if the Action is incomplete).

The October 2008 Action fails to comply with the requirements of § 1.113, and therefore cannot be final.

**D. The November 2008 Action Repeats Many of the Errors Outlined in Applicant’s Paper of May 2007, and Fails to Answer All Material Traversed**

Along the same lines, MPEP § 707.07(g) requires the Examiner to “Answer All Material Traversed.”

Applicant’s paper of May 1, 2007 asked that the Office take care to address a number of issues required by the MPEP. Remarkably, even in view of these specific grounds of traverse, the October 2008 Action fails to address issue after issue required by the instruction of MPEP § 2106 on “subject matter” issues, fails to answer material traversed, and applies cases that the PTO has instructed may not be applied. Pages 5-8 are inadequate to raise any rejection, and are inadequate to support final rejection.

**E. The Office Action of October 3, 2008 is Only an MPEP § 710.06 Remailing of Examiner Chencinski’s Paper of November 1, 2006, So it Cannot be Made Final**

MPEP § 710.06 reads, in pertinent part:

**710.06 Situations When Reply Period Is Reset or Restarted**

Where the citation of a reference is incorrect or an Office action contains some other error that affects applicant’s ability to reply to the Office action and this error is called to the attention of the Office ... If the error is brought to the attention of the Office within the period for reply set in the Office action but more than 1 month after the date of the Office action, the Office will set a new period for reply, if requested to do so by the applicant, to substantially equal the time remaining in the reply period.

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A supplementary action after a rejection explaining the references more explicitly or giving the reasons more fully, even though no further references are cited, establishes a new date from which the statutory period runs.

Examiner Chencinski's paper of November 1, 2006 was withdrawn pursuant to MPEP § 710.06, as explained more fully in Applicant's paper of May 1, 2007, at pages 42-43. Since the October 2008 paper is merely a remailing of the November 2006 paper, which itself was non-final, the October 2008 paper must be non-final.

## **II. The Application Has Not Been Examined in Accordance with the Law and Rules**

In an interview of January 12, 2007, **the previous examiner, Examiner Chencinski, stated that he had instructions from his management to deliberately obstruct applications.** The Examiner's paper of October 3, 2008 continues the pattern, by breaching many procedural requirements, making up new grounds out of thin air, failing to answer all material traversed, ignoring mandatory MPEP instructions, ignoring an affidavit, and the like. Not only does the October 2008 paper obstruct prosecution before the Examiner, it effectively denies Applicant a meaningful opportunity to appeal to the Board of Patent Appeals and Interferences: the Examiner refuses to examine claims and provides no basis that is compatible with the MPEP, and ignores Applicant's papers, so that it is not clear where the Examiner disagrees with Applicant, and consequentially, no meaningful appeal brief can be framed.<sup>1</sup> Applicant has asked repeatedly in the past, and asks again: **The Office**

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<sup>1</sup> The Board has persistently noted that it cannot adjudicate when the examiner's analysis is incompletely set forth in the written record. *E.g., Ex parte Siefert*, Appeal No. 2001-1995, <http://des.uspto.gov/...&fNm=fd011995> at 5, 2003 WL 25277985 at \*2 (BPAI Jun. 24, 2003) (examiner's inadequate action is "not ripe" for review: "we have no choice but to VACATE ... due to the noted substantive and procedural improprieties to put the prosecution of this application back in a proper procedural posture"); *Ex parte Borody*, Appeal No. 2002-1371, <http://des.uspto.gov/...&fNm=fd021371> at 3, 5, 2004 WL 77301 at \*1, \*3 (BPAI Feb. 27, 2003) (because "rejection ... is not based upon the correct legal standards ... we vacate.... In addition, there are a number of issues that need to be clarified by the examiner"); *Ex parte Govindan*, Appeal No. 2001-0758, <http://des.uspto.gov/...&fNm=fd010758> at 7, 2002 WL 32334569 at \*5 (BPAI Nov. 15, 2002) ("[W]e find that the incomplete, inconsistent analysis of the claims, and the inaccurate analysis of the prior art, preclude meaningful review."); *Ex parte Forest*, Appeal No. 2000-1901,

**must examine the application in conformance with the PTO's own procedures, else prosecution cannot advance, and no meaningful appeal can begin.**

As discussed below, all claims now pending are under active examination, and none are properly withdrawn by restriction. First, the grounds for restriction stated in the Examiner's October 2008 paper are simply not lawful – they are not authorized in the MPEP or any other document published by the PTO. The PTO has never approved the grounds stated by the Office Action, and the PTO has never sought or obtained the required approval of the White House Office of Management and Budget for restriction on the grounds stated. Thus, the restriction requirement is simply void – it has no existence, and cannot be enforced.

As discussed above, the Action of October 2008 is **not properly final**. The October 2008 action is not a second action. A clear issue has not been reached on the statutory subject matter issues. Further, the grounds stated in the October 2008 Action are not grounds authorized by the PTO – because the October 2008 Action is issued outside the authority granted to the Examiner by the PTO, the Action cannot be made final. Finally, the October 2008 Action is only a remailing under MPEP § 710.06 to correct the errors in Examiner

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<http://des.uspto.gov/...&fNm=rm001901> at 4, 2002 WL 33951036 at \*2 (BPAI May 30, 2002) (when examiner treats claims in “broad brush” manner, Board can only remand without decision); *Ex parte Rozzi*, 63 USPQ2d 1196, 1200–03 (BPAI Jan. 16, 2002) (when “the examiner makes no cogent attempt” to explain basis, Board remands without decision); *Ex parte Gambogi*, 62 USPQ2d 1209, 1212 (BPAI Dec. 10, 2001) (remanding without decision: “We decline to tell an examiner precisely how to set out a rejection.”); *Ex parte Jones*, 62 USPQ2d 1206, 1208 (BPAI 2001) (refusing to adjudicate an issue that the examiner has not developed: “The board cannot examine, in the first instance, all applications which come before it in an *ex parte* appeal”); *Ex parte Schricker*, 56 USPQ2d 1723, 1725 (BPAI Jun. 7, 2000) (remanding without decision: “The examiner has left applicant and the board to guess as to the basis of the rejection ... We are not good at guessing; hence, we decline to guess.”); *Ex parte Braeken*, 54 USPQ2d 1110, 1112–13 (BPAI Dec. 21, 1999) (noting that the appeal is “not ripe” because of omissions and defects in the examiner’s analysis).

Other appellate tribunals frequently state that they are unable to review decisions when inferior tribunals have not stated the necessary findings, or otherwise present an undeveloped record. *E.g., Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811, 229 USPQ2d 478, 479 (1986) (obviousness has separate “procedural” and “substantive” aspects, and the Supreme Court cannot review the substantive issue when the Federal Circuit’s underlying decision is procedurally incomplete); *Nazomi Communications Inc v. ARM Holdings Inc.*, 403 F.3d 1364, 1371–73, 74 USPQ2d 1458, 1463–64 (Fed. Cir. 2005) (remanding because of district court’s failure to make findings, rendering appellate review impossible); *see also Gechter v. Davidson*, 116 F.3d 1454, 1458, 43 USPQ2d 1030, 1033 (Fed. Cir. 1997) (Federal Circuit cannot review a Board decision that fails to set out grounds with specificity).

Chencinski's paper of November 1, 2006 – since that Action was non-final, this Action must be non-final.

The Office Action is inadequate to reflect *bona fide* examination of the application, and therefore rejects no claims.

It is not understood why MPEP procedures are not being followed. Applicant requests that the Office absolutely and unconditionally commit to following MPEP procedures going forward.

### **Relevant Procedural History**

This application has been pending since July 2000 – nearly 9 years. A number of rejection papers have been issued by Examiners Kanoff and Chencinski, but the Office has been forced to concede that all were so sloppy that none could be made final.

On November 1, 2006, Examiner Chencinski issued a non-final paper. This action violated a number of procedural provisions of the MPEP, and invented new legal tests that have no grounding in any written document. Examiner Chencinski did not follow the MPEP, or any other guidance for examiners.

In emails and telephone conferences around that time, Applicant drew the Office's attention to a number of errors in Examiner Chencinski's paper of November 1, 2006 that affected Applicant's ability to reply. This is described in more detail in Applicant's paper of May 1, 2007, at pages 42-43. Therefore, pursuant to MPEP § 710.06, Examiner Chencinski's paper of November 1, 2006 became void until it was remailed. The Office paper of October 2008 appears to be that remailing.

In a telephone interview of January 2007, Examiner Chencinski stated that his instructions from his management were to deliberately delay allowance of applications.<sup>2</sup>

Applicant filed a paper on February 26, 2007, commenting on the errors and procedural omissions of Examiner Chencinski's paper of November 1, 2006.

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<sup>2</sup> See Summary of Interviews, filed Feb 26, 2007, ¶ 41, in the IFW at March 2, 2007, at entry "Transmittal to T.C.," 12 pages.

Applicant filed a further amendment on May 1, 2007, amending the claims. This paper observed that the November 1, 2007 paper was withdrawn because of its procedural inadequacies. The PTO apparently does not dispute that Examiner Chencinski's paper of November 1, 2006 was inadequate to advance prosecution, and breached PTO procedures: the PTO removed Examiner Chencinski in the fall of 2007. Removal of an examiner is an extraordinary occurrence that happens only when an examiner exhibits extreme incompetence or overt bias.

In January 2008, the PTO issued a paper that purports to be a restriction requirement. However, as discussed in Applicant's paper of June 10, 2008, the January 2008 paper violated a number of provisions of the MPEP, and therefore was void at the time it was issued. The Examiner's papers have been silent in reply, and therefore must be regarded as conceding that the violations alleged are genuine.

Applicant replied with traverse on June 10, 2008.

The present Office Action was mailed October 3, 2008. As discussed in detail below, it omits consideration of required issues, and must be considered a first action.

Finality of the October 2008 Action should be withdrawn, and a new Office Action should be issued that reflects *bona fide* effort of the Office to advance prosecution.

### **III. Requirement to Cancel Non-elected Claims Is Improper**

The Office Action of October 3, 2008 states: "For the response to be complete, Applicants are respectfully requested to cancel the non-elected claims 28-30, 53-55 and 60-73 in their reply to this office action." The Office is acting outside the scope of its authority to require or request applicant to cancel claims not elected in response to a restriction requirement that has been traversed. Applicant traversed the restriction requirement and requests reconsideration of the restriction requirement. Additionally, the Applicant has the right to petition the restriction requirement if favorable reconsideration is not obtained. See 37 CFR 1.144. Further, reinstatement of non-elected claims is permissible in accordance with Rule 1.142(b). Thus, the requirement or request to cancel non-elected claims is improper and should be withdrawn. All claims are pending.



#### **IV. No Restriction is Appropriate Because There Cannot Be Any Serious Search Burden**

Any restriction requirement requires a showing of “serious search burden.” MPEP §§ 803, 803.02, 806.04(a)-(j), 808.01(a) and 808.02. Such a showing cannot be made in this case for the following reasons:

- No further search is required. At least claims 1-118 have been searched by three previous examiners (Examiners Soh, Kanoff, and Chencinski), and have been found to be allowable over all art located by those three examiners. (See Action of November 1, 2006, indicting that all claims are allowed over the art). Examiner Subramanian is required to give “full faith and credit” to this determination, and is not permitted to open a new search. MPEP §§ 704.01, 706.04. If no search is permitted, there cannot be a “serious” search burden, and thus no restriction can be supported.
- Every previous Action that applied art against the claims applied a single primary reference to all rejected claims. This strongly suggests that the claims cannot be so divergent from each other that they require multiple burdensome searches.

If no “serious search burden” can be shown, no restriction is appropriate.

MPEP § 704.01 states (underline added):

“When an examiner is assigned to act on an application which has received one or more actions by some other examiner, full faith and credit should be given to the search and action of the previous examiner unless there is a clear error in the previous action or knowledge of other prior art. In general the second examiner should not take an entirely new approach to the application or attempt to reorient the point of view of the previous examiner, or make a new search in the mere hope of finding something.”

In the telephonic interview with Examiner Subramanian on May 30, 2008, the Examiner stated that he had no knowledge of any new prior art, and did not identify any “clear error in the previous action” of allowing claims 1-118 over the art. (See paragraph 7 of interview summary of May 30, 2008 Interview). Thus, the Examiner is required to give full faith and credit to prior searches, and is not permitted to reopen prosecution except on art of which he has personal knowledge. Having conceded that there is no such art, no further search is required or permitted.

The Action fails to comply with PTO requirements to give “full faith and credit,” and therefore raises no legally-cognizable requirement. *Service v. Dulles*, 354 U.S. 363, 388-89 (1957) (when an agency violates its own agency procedural manual, the agency action is void, and has no effect and imposes no requirement). No election is required. The Examiner’s assertions in the May 30, 2008 telephonic interview that he must keep searching the case over and over again each time he handles the case, is clearly contradicted by mandatory instructions of the Director. We note that none of the claims are under a rejection based upon prior art even after the additional search that the examiner conducted.

#### V. The Groups are Misclassified

The title of this application, and the subject matter of all claims, suggests that all claims are most appropriately classified for search in 705/35:

- 35 Finance (e.g., banking, investment or credit):** This subclass is indented under subclass 1. Subject matter drawn to a computerized arrangement for planning the disposition or use of funds or securities, or extension of credit.

The Restriction Requirement proposes to search claims 1-27, 31-52, 56-59 and 74-181 in subclass 705/36T. 705/36T is not available in the web page of “Class Definitions” for class 705 (<http://www.uspto.gov/go/classification/uspc705/defs705.htm>), however, it is Applicant’s understanding that 705/36T is directed to tax-reduction methods. However, almost none of the independent claims in Group I recite anything to do with taxes. *E.g.*, claims 2, 56, 74, 93, 102, 119, 130, 133, 148, 154, 158, 161, 172, and 179. Financial accounting and tax accounting are not the same thing. The Examiner’s explanation given in the interview reflects an incorrect understanding of the relationship between the disciplines. Classification in 705/36T is simply wrong.

Likewise, the Requirement proposes to search claims 28-30 and 53-55 in 705/26. This is likewise an incorrect search classification, which will result in an inefficient search. The definition for 705/26 is as follows:

- 26 Electronic shopping (e.g., remote ordering):** This subclass is indented under subclass 1. Subject matter drawn to a computerized arrangement which enables a purchaser to inspect or select from a plurality of different items, or effect a purchase of one or more items at a location geographically separated from the system user.

(1) Note. A remote shopping system is included in this subclass. 705/26 is not a well-chosen class for search. These claims recite no specialized “computer arrangement” for shopping. The features of these claims on which search should focus are the interlocking financing structures, not the “shopping” apparatus.

The Requirement proposes to search claims 60-73 in 705/36T. The independent claim of this group, claim 60, is silent on “tax” issues. The classification is clearly incorrect.

Because the Restriction Requirement is so clearly faulty, no informed election can be made.

#### **VI. Restriction Among Groups I and III is Improper On Its Face**

MPEP § 808.02 reads as follows:

Where, however, the classification is the same and the field of search is the same and there is no clear indication of separate future classification and field of search, no reasons exist for dividing among independent or related inventions.

The Restriction Requirement of January 10, 2008 concedes that Groups I and III are “related” (page 4, middle of the page). The Requirement also proposes to classify Groups I and III to the same search class (Class 705, subclass 36T). Restriction between these two Groups violates MPEP § 808.02, and Applicant assumes that this restriction is withdrawn.

#### **VII. The Office Action is Incomplete Because it Omits Essential Components of the Required Form Paragraphs**

Repeatedly throughout Chapter 800, the MPEP requires that all restriction requirements must include one of Form Paragraphs 8.21.01 through 8.21.03. None of the three appear in the October 2008 Examiner’s paper, even though that was the specific ground of traverse raised in Applicant’s paper of May 2008. Therefore, the October 2008 Examiner’s paper is incomplete. No restriction is stated, any restriction that may have existed lapsed through failure of the Examiner to “answer all material traversed,” and examination is incomplete.

For the Examiner’s convenience, Form Paragraphs 8.21.01 through 8.21.03 are set forth here.

*¶ 8.21.01 Conclusion to All Restriction Requirements: Different Classification*

Because these inventions are independent or distinct for the reasons given above and there would be a serious burden on the examiner if restriction is not required because the inventions have acquired a separate status in the art in view of their different classification, restriction for examination purposes as indicated is proper.

*¶ 8.21.02 Conclusion to All Restriction Requirements: Recognized Divergent Subject Matter*

Because these inventions are independent or distinct for the reasons given above and there would be a serious burden on the examiner if restriction is not required because the inventions have acquired a separate status in the art due to their recognized divergent subject matter, restriction for examination purposes as indicated is proper.

*¶ 8.21.03 Conclusion to All Restriction Requirements: Different Search*

Because these inventions are independent or distinct for the reasons given above and there would be a serious burden on the examiner if restriction is not required because the inventions require a different field of search (see MPEP § 808.02), restriction for examination purposes as indicated is proper.

The Examiner's papers display confusion between two different things, "independent and distinct" and the showings required by Form Paragraphs 8.15 and 8.16, and "serious search burden" which must be shown using Form Paragraphs 8.21.01 through 8.21.03. MPEP § 803 and § 808.02 clarify that these are separate and distinct issues. **Prosecution cannot advance so long as the Examiner ignores requirements stated in the MPEP, and fails to make a separate showing of "separate search burden" as required by the MPEP and form paragraphs 8.21.01 through 8.21.03.**

**VIII. The Office Action Illegally Creates New Grounds for Restriction that Have No Grounding in the MPEP or Any Other Validly-Promulgated PTO Policy**

The October 2008 Office Action attempts to justify the restriction requirement as follows:

Also there would be a serious  
search and examination burden if restriction were not required because one or more of the  
following reasons apply: (a) the inventions have acquired a separate status in the art in view of  
their different classification; (b) the inventions have acquired a separate status in the art due to

their recognized divergent subject matter; (c) the inventions require a different field of search (for example, searching different classes/subclasses or electronic resources, or employing different search queries); (d) the prior art applicable to one invention would not likely be applicable to another invention; (e) the inventions are likely to raise different non-prior art issues under 35 U.S.C. 101 and/or 35 U.S.C. 112, first paragraph.

**The Examiner is making up the rules as he goes along, not applying PTO procedures.**

Grounds (d) and (e) have **no support** in the MPEP or any other document published by the PTO. MPEP § 808.02 reads as follows, clearly stating that these are the only three permissible grounds for showing “serious burden of search:”

[T]he examiner, in order to establish reasons for insisting upon restriction, must explain why there would be a serious burden on the examiner if restriction is not required. Thus the examiner must show by appropriate explanation one of the following:

- (A) **Separate classification thereof: ....**
- (B) **A separate status in the art when they are classifiable together: ...**
- (C) **A different field of search: ...**

First, items (d) and (e), **the “35 U.S.C. 101 and/or 35 U.S.C. 112 first paragraph” grounds stated in the Office Action are fabrications that directly conflict with the MPEP. This is not lawful.**

Second, item (d) in the Examiner’s list is not lawful, because it differs from the MPEP, and is also counterfactual. Applicant noted in the Reply of June 10, 2008, that every Action that had applied any prior art applied the same primary reference to all claims.

**Prosecution cannot advance when the Examiner makes statements like item (d) that are directly contradicted by the evidence of record**, especially where the Examiner makes no attempt to explain the apparent inconsistency between his statements and the evidence.

Third, MPEP § 803(I)(B), § 803(II) ¶ 4, and § 806.01 requires “Examiners must provide reasons and/or examples to support conclusions” of “unduly extensive and burdensome search,” for example, by “appropriate explanation of separate classification, or separate status in the art, or a different field of search.” This showing of “reasons and/or examples” is absent from the Action. The October 2008 paper makes conclusory statements,

without even identifying which of the five listed grounds applies, let alone the “show[ing] by appropriate explanation” required by MPEP § 808.02. No proper restriction requirement exists.

Fourth, 5 U.S.C. § 555(e), the provision of the Administrative Procedure Act that governs written decisions of all agencies, also requires the PTO to identify both the legal basis on which it acts, and the facts that support the PTO’s conclusions.<sup>3</sup> The Examiner’s paper merely lists five possible grounds (two of which are not lawful, as discussed above), and invites Applicant to read the Examiner’s mind to determine which of the five might apply, and what facts might support that ground. No agency can do this. The burden is always on the agency to identify the grounds on which it imposes a requirement, and to give some explanation for its action.

Agency actions are void – that is, they have no legal existence – when an agency fails to make the showings required in the agency’s own procedural handbook.<sup>4</sup> Because the

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<sup>3</sup> *Dunlop v. Bachowski*, 421 U.S. 560, 571 (1975) (“When action is taken by (the Secretary) it must be such as to enable a reviewing Court to determine with some measure of confidence whether or not the discretion, which still remains in the Secretary, has been exercised in a manner that is neither arbitrary nor capricious. . . . (I)t is necessary for (him) to delineate and make explicit the basis upon which discretionary action is taken. . . . Moreover, a statement of reasons serves purposes other than judicial review. . . . [A] ‘reasons’ requirement promotes thought by the Secretary and compels him to cover the relevant points and eschew irrelevancies, and . . . the need to assure careful administrative consideration ‘would be relevant even if the Secretary’s decision were unreviewable.’”); *American Bioscience Inc v. Thompson*, 269 F.3d 1077, 1084–85 (D.C. Cir. 2001) (agency vacated because agency’s statement of reasons was “sadly inadequate”); *Tourus Records Inc v. Drug Enforcement Admin.*, 259 F.3d 731, 737 (D.C. Cir. 2001) (“At a minimum, [the arbitrary and capricious] standard requires the agency to ‘examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made,’” quoting *Motor Vehicle Manufacturers’ Ass’n. of the United States Inc. v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29, 42 (1983), quotations omitted); *Harborlite Corp v. Interstate Commerce Comm’n*, 613 F.2d 1088, 1092 (D.C. Cir. 1979) (“One basic procedural safeguard requires the administrative adjudicator, by written opinion, to state findings of fact and reasons that support its decision. These findings and reasons must be sufficient to reflect a considered response to the evidence and contentions of the losing party and to allow for a thoughtful judicial review if one is sought.”).

<sup>4</sup> *Service v. Dulles*, 354 U.S. 363, 388-89 (1957) (vacating agency action issued in violation of guidelines stated in an unpublished agency manual); *Reuters v. F.C.C.*, 781 F.2d 946, 950-51 (D.C. Cir. 1986) (“*Ad hoc* departures from [an agency’s] rules, even to achieve laudable aims, cannot be sanctioned”). An action taken in violation of “applicable departmental regulations” is “illegal and of no effect.” *Vitarelli v. Seaton*, 359 U.S. 535, 545 (1959); *IMS; P.C. v Alvarez*, 129 F.3d 618, 621

October 2008 Action breaches MPEP requirements, the Action simply has no existence, and requires no reply. Applicant should not have to pay for an extension of time to reply. The October 2008 paper and the restriction requirement must be withdrawn.

If reasoning used in the Office Action is authorized anywhere in the MPEP, Applicant requests identification. If no authorization can be identified, Applicant requests that examination be conducted according to the PTO's written regulations and guidance. Because no recognizable form paragraph was used, Applicant is unsure which legal standard applies, and is unsure how to respond. If the restriction requirement is maintained, Applicant respectfully requests that the authorized form paragraphs be used, rather than improvised legal standards.

#### **IX. The PTO Lacks Authority Under the Paperwork Reduction Act To Enforce Any Restriction Requirement, Let Alone the Examiner's Improvised Amended Rules**

Like all rules of all federal agencies, PTO rules that require submissions from applicants, whether stated in 37 C.F.R. or in informal documents like the MPEP, require approval from the White House Office of Management and Budget under the Paperwork Reduction Act before the PTO may enforce them. 44 U.S.C. § 3507 ("An agency shall not conduct or sponsor the collection of information unless in advance of the adoption or revision ... the agency has..." followed the steps for obtaining White House approval); § 3512 ("Notwithstanding any other provision of law, no person shall be subject to any penalty..." under any agency rule that does not have White House approval).

The PTO has neither sought nor obtained White House approval for the revisions to restriction practice reflected in the Office Action, or for any other revisions to restriction practice, since at least June 2006. Applicant has reviewed the PTO's requests for approval under the Paperwork Reduction Act since June 2006,<sup>5,6</sup> and none seek OMB approval under

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(D.C. Cir. 1997) (it is a "well-settled rule that an agency's failure to follow its own regulations is fatal to the deviant action"); *Dodson v. Dept. of the Army*, 988 F.2d 1199, 1204 (Fed. Cir. 1993) (once an agency promulgates regulations, it is bound to follow them). Because the Office Action departs from PTO regulations, it is simply void.

<sup>5</sup> <http://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=0651-0031>

the Paperwork Reduction Act for any revisions to restriction practice of the type in the Office Action. Thus, the PTO has never sought or obtained White House Paperwork approval for the “35 U.S.C. 101 or 35 U.S.C. 112” ground for restriction stated in the Office Action. The revisions to restriction practice set forth in the Office Action are unenforceable.

Further, no OMB control number is “displayed” on the Examiner’s papers in the manner required by the Paperwork Reduction Act. For a second reason, the PTO may not enforce the restriction requirement set forth in the October 3, 2008 Office Action.

In such situations, the Paperwork Reduction Act provides as follows:

**44 U.S.C. § 3512 Public protection**

(a) Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information that is subject to this subchapter if –

(1) the collection of information does not display a valid control number assigned by the Director in accordance with this subchapter; or

(2) the agency fails to inform the person who is to respond to the collection of information that such person is not required to respond to the collection of information unless it displays a valid control number.

(b) The protection provided by this section may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto.

The PTO neglected to take the steps it was required to take if it wishes to enforce restriction requirements. By statute, no election is required, and the PTO is not permitted to penalize an applicant for failure to elect.

If any restriction is raised in the future, applicant requests

- The OMB “valid control number” applicable to the particular grounds for restriction stated in the October 2008 Action;
- The OMB ICR submission number in which that control number was applied for, and an identification of the line item in that ICR submission covering grounds (d) and (e) in the October 2008 paper;
- An indication where that control number is “displayed” in the manner required by statute; and

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<sup>6</sup> [http://www.reginfo.gov/public/do/PRAViewICR?ref\\_nbr=200707-0651-005](http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200707-0651-005)



- Where the PTO informed the public that it is not required to respond to restriction requirements unless the requirement displays a valid control number.

The statute provides that if any one of these four questions is not answered, the PTO cannot enforce restriction requirements. Applicant's attorney has diligently sought for any indication that the PTO ever even attempted to take the steps it was required to take if it wishes to enforce restriction requirements. No indication has been found. Unless the PTO can provide answers to all four of the above questions, all restriction requirements must be withdrawn.

**X. Response to Examiner's "Response to Arguments"**

The Applicant has argued that the Restriction Requirement is improper because there is not a serious search burden. In response, the Office Action states, "Applicants have added new claims 119-181 since the last search." The Final Office Action of October 3, 2008 withdrew claims 28-30, 53-55, and 60-73 from consideration. None of the withdrawn claims are the claims the Office Action cites as new. The fact that other claims (that the examiner searched and found no prior art to reject the claims in view of) were new, is irrelevant to whether there was a serious search burden to examine the withdrawn claims. The withdrawn claims were all previously pending and searched. Thus, the Restriction Requirement against these claims is improper. There is no serious search burden. The Restriction Requirement against claims 28-30, 53-55, and 60-73 should be withdrawn.

The Office Action then states: "Also there would be a serious search and examination burden ... because one or more of the following reasons apply: [(a) to (e)]." This improperly states the legal standards. The Office Action uses improper improvised language, not the required form paragraphs, as discussed above.

The undisputed facts are that claims 1-118 received "several actions by some other examiner." It is also undisputed that Examiner Subramanian was "assigned to act on" such an application. In the telephonic interview with Examiner Subramanian on May 30, 2008, the Examiner stated that he had no knowledge of any new prior art, and did not identify any

“clear error in the previous action” of allowing claims 1-118 over the art. (See Interview summary of May 30, 2008 Interview, ¶ 7).

Yet the October 2008 Action withdrew claims 28-30, 53-55, and 60-73 from consideration. The October 2008 Action makes no attempt to explain consistency with MPEP § 704.01 – the issue is simply ignored. The October 2008 Office Action fails to “Answer All Material Traversed,” MPEP § 707.07(f), and instead injects a number of irrelevant *non sequiturs*.

The Office Action states, “The Examiner would like [to] clarify that allowability or prior art were never discussed.” The issue of the nonexistence of prior art was discussed at least on May 30, 2008, as stated in paragraphs 1 and 7 of the “Summary of Telephonic Interview With Examiner Subramanian on May 30, 2008 by Donna L. Angotti” signed and filed June 10, 2008. The Examiner stated that he had no knowledge of any new prior art, and did not identify any “clear error in the previous action”. (See paragraph 7 of interview summary of May 30, 2008 Interview).

The October 3, 2008, Office Action further states, “A full search ... of the claims was not done by the Examiner as of May 30, 2008 for the Examiner to know if there was any new prior art.” This means that on May 30, 2008, the Examiner was not aware of any new prior art, which is what he said on May 30, 2008 and exactly what Applicant’s attorney stated in the Interview Summary signed and filed June 10, 2008. (Thus, the Office Action of October 3, 2008, actually supports Applicant’s attorney’s version of what was stated in the telephonic interview of May 30, 2008.)

The legal standard is that full faith and credit to the searches and actions of other examiners must be given unless there is clear error in the previous action or knowledge of other prior art. The Examiner is required to give full faith and credit to prior searches, and is not permitted to reopen prosecution except on art of which he has personal knowledge. Having conceded that there is no such art, no further search is required or permitted. Further, there can be no undue search burden. Thus, the restriction requirement should be withdrawn, and the withdrawn claims examined.

In claims 60-73 (Group III), the only claim that mentions taxes in any way is claim 64 which is dependent. It is improper to classify an independent claim based upon a dependent claim. The search for claims 60-63 and 65-73 in 705/36T is wrong.

Claims 53-55 of Group II, do mention taxes. The groupings are confused.

The Examiner observes that “restriction may be raised at any time.” True, and irrelevant. Applicant did not object to the timing of the restriction, but to the procedure used and the context relative to MPEP § 704.01.

#### **XI. Directive on 101 Panel**

During the telephonic interview of May 30, 2008 as well as earlier telephonic interviews, Examiner Subramanian referred to a 101 panel and a Directive from Director Coggins that all examiners must consult a 101 panel on claims before allowing the claims and that the examiners must follow the decision of the panel. The undersigned requested a copy of the Directive from Examiner Kalinowski, but he said he did not know what Directive Examiner Subramanian was referring to. He suggested that Examiner Subramanian was referring to a memo by Love published on the PTO website. Once again, attached is a copy of the Love memo. It is requested that Examiner Subramanian advise the Applicant if the Love memo was what he was referring to. It is unlikely that the Love memo is what Examiner Subramanian was referring to since the Love memo does not mention panels at all, is from Love and not Director Coggins, and is dated May 15, 2008, well after Examiner Subramanian first mentioned the panels to me. If the Love memo is not what Examiner Subramanian was referring to in his discussions with me, I request that he provide the Applicant with a copy of the Directive from Director Coggins that he was referring to. This request for memos on the Panels was made in the Response filed June 10, 2008 and was not addressed or even acknowledged in the Office Action of October 3, 2008. The request is reiterated.

#### **XII. Rejection under 35 U.S.C. 112, 2<sup>nd</sup> Paragraph**

Claims 1-27, 31-52, 56-59 and 74-181 are rejected under 35 U.S.C. 112, 2<sup>nd</sup> paragraph as being indefinite for failing to particularly point out and distinctly claim the

subject matter which applicant regards as the invention. In particular, language regarding “wherein at least some portion of” a lease or leasing is performed with “assistance of a computer” is rejected.

Applicant submits that the language “wherein at least some portion of” a lease or leasing is performed with “assistance of a computer” is definite and well understood by those of skill in the art of working with computer technology. Those of skill in the computer art understand the terminology “assistance of a computer”. They understand how a computer or hardware and/or software can be of assistance. They understand how hardware and/or software is designed to assist a tenant. Just because language is broad, does not mean the language is indefinite. MPEP § 2173.04. Breadth of a claim is not to be confused with indefiniteness. *In re Miller*, 441 F.2d 689, 169 U.S.P.Q. 597 (CCPA 1971). The Office Action questions which portion of the lease is performed with assistance of a computer despite the fact that claim 180 explicitly recites “some portion of soliciting, originating, managing, or analyzing” the lease is performed with assistance of a computer. One of ordinary skill would understand that the portion of the lease or leasing may be soliciting, originating, managing, or analyzing the lease. One of ordinary skill would understand that the specific aspect of the lease or leasing that is performed with assistance of a computer may be soliciting, originating, managing, or analyzing the lease.

Further, the fact that a claim recites alternative language is not sufficient to hold the claim indefinite. MPEP § 2173.05(h)(II). Alternative expressions using “or” are acceptable and not in violation of 35 U.S.C. 112, 2<sup>nd</sup> paragraph. *In re Gaubert*, 524 F.2d 1222, 187 U.S.P.Q. 664 (CCPA 1975). Thus, the language “soliciting, originating, managing, or analyzing” is acceptable. Additionally, the language “hardware and/or software” is acceptable.

### **XIII. Rejection under 35 U.S.C. 101**

Claims 1-27, 31-52, 56-59 and 74-181 are rejected under 35 U.S.C. 101 as directed to non-statutory subject matter. Claim 181 is rejected as inoperative and lacking utility and for being functional descriptive material. Claims 1 and 2 are rejected as not requiring any

physical transformation and not producing a useful, concrete and tangible result. Claims 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179, 180 and 181 and dependent claims are rejected as not producing a useful, concrete and tangible result. Claims 1, 2, 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179-181 are rejected as an abstract idea and lacking transformation of any physical subject matter.

In applying Supreme Court precedent, the Federal Circuit in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), stated:

A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. *Id.* at 10.

This is the proper legal standard to be applied. There can be no meaningful reply.

#### Claim 181

With respect to the rejection of Claim 181 as directed to non-statutory subject matter as inoperative and lacking utility (and also as functional descriptive material), this rejection is a mishmash of legal standards and is improper as a matter of law. The rejection confuses the issues of whether an invention as disclosed has utility and is operative with whether a claimed process is patent-eligible under § 101. The rejection fails to set forth any proper statement of law and should be withdrawn.

MPEP § 2107 sets for the test for utility. Utility is a property of the invention as disclosed, whereas the issue of whether a claimed process is patent-eligible under § 101 is based upon analysis of the claims. The test for utility is whether the disclosed invention is totally incapable of achieving a useful result. The Office Action does not apply the proper test and confuses the issue of utility with issues of functional descriptive matter and patentable subject matter.

Upon initial examination the examiner should review the specification to determine if there are any statements asserting that the claimed invention is useful for any particular purpose. A complete disclosure should include a statement which identifies a specific and substantial utility for the invention. MPEP §2107.02 II.

“A statement of specific and substantial utility should fully and clearly explain why the applicant believes the invention is useful. Such statements will usually explain the purpose or how the invention may be used .... Regardless of the form of statement of utility, it must enable one ordinarily skilled in the art to understand why the applicant believes the claimed invention is useful.” MPEP §2107.02 II. A.

In most cases, an applicant’s assertion of utility creates a presumption of utility that will be sufficient to satisfy the utility requirement of 35 U.S.C. 101. MPEP §2107.02 III. A.

As a matter of Patent Office practice, a specification which contains a disclosure of utility which corresponds in scope to the subject matter sought to be patented must be taken as sufficient to satisfy the utility requirement of §101 for the entire claimed subject matter unless there is a reason for one skilled in the art to question the objective truth of the statement of utility or its scope. *In re Langer*, 503 F.2d 1380, 1391, 183 USPQ 288, 297 (CCPA 1974).

*Langer* and subsequent cases direct the Office to presume that a statement of utility made by an applicant is true. MPEP §2107.02 III. A.

For obvious reasons of efficiency and in deference to an applicant’s understanding of his or her invention, when a statement of utility is evaluated, Office personnel should not begin by questioning the truth of the statement of utility. Instead any inquiry must start by asking if there is any reason to question the truth of the statement of utility. This can be done by simply evaluating the logic of the statement made, taking into consideration any evidence cited by the applicant. If the asserted utility is credible (i.e., believable based on the record or the nature of the invention), a rejection based on “lack of utility” is not appropriate. Clearly, Office personnel should not begin an evaluation of utility by assuming that an asserted utility is likely to be false, based on the technical field of the invention or for other general reasons. MPEP §2107.02 III. A.

Thus, to overcome a presumption of truth that an assertion of utility by the applicant enjoys, Office personnel must establish

that it is more likely than not that one of ordinary skill in the art would doubt (i.e., “question”) the truth of the statement of utility. The evidentiary standard to be used throughout *ex parte* examination in setting forth a rejection is a preponderance of the totality of the evidence under consideration. (citing *In re Oetiker*, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1443 (Fed. Cir. 1992)). MPEP §2107.02 III. A.

Office personnel must determine if the assertion of utility is credible (i.e., whether the assertion of utility is believable to a person of ordinary skill in the art based on the totality of evidence and reasoning provided). An assertion is credible unless (A) the logic underlying the assertion is seriously flawed, or (B) the facts upon which the assertion is based are inconsistent with the logic underlying the assertion. Credibility as used in this context refers to the reliability of the statement based on the logic and facts that are offered by the applicant to support the assertion of utility. MPEP §2107.02 III. B.

Section 2107.02 IV. Of the MPEP is entitled: Initial Burden is on the Office to Establish a *Prima Facie* Case and Provide Evidentiary Support Thereof. The section states: “To properly reject a claimed invention under 35 U.S.C. 101, the Office must (A) make a *prima facie* showing that the claimed invention lacks utility, and (B) provide a sufficient evidentiary basis for factual assumptions relied upon in establishing the *prima facie* showing. (citing *In re Gaubert*, 524 F.2d 1222, 1224, 187 USPQ 664, 666 (CCPA 1975).

The analysis in the Office Action is totally unrelated to the test set forth in MPEP § 2107, and violates every provision stated as a “must” in the MPEP.

Applicant’s disclosure contains a statement of specific and substantial utility that fully and clearly explains why the applicant believes the invention is useful. Section V. of the specification starting on page 17 is entitled “Use of the lease structure.” This section identifies specific and substantial utility. In paragraph 71, the specification states in part, “lease 100 may be structured to allow tenant 102 to finance the tenant improvements....” More particularly, the specification states that “lease 100 may be structured to allow tenant 102 to finance the tenant improvements at its own cost of funds” in certain situations, and in

other situations, lease 100 may be structured so that the landlord 104 can avoid a subsidy to tenant 102.

The specification further states in paragraph 72 that lease 100 may be structured so that the lease of tenant improvements meets Internal Revenue Code standards for a tax lease and hence is deductible as an ordinary business expense with a shorter deduction schedule. The specification further states in paragraph 74 that lease 100 may be structured so that the lease meets accounting standards for an operating lease and tenant improvements depreciate on the landlord's balance sheet, not the tenant's. The specification further states in paragraph 75 that the invention makes a letter of credit or security unnecessary. The specification further states in paragraph 78 that features of lease 100 may be applied to sale-and-leaseback transactions of existing tenant improvements. Paragraph 85 states that computer software for originating, managing and analyzing tenant improvement leases is provided. The computer implementation may incorporate loan origination and secondary loan transaction. See paragraph 85 and section VII.A. (loan origination) and section VII.B. (loan exchange). As stated in paragraph 87, data warehousing (section VII.C.) and loan analysis (section VII.D.) is also provided.

The statements of utility are credible, and there is no evidence that one of ordinary skill in the art would question the truth of the statements of utility. The Office has failed to meet its burden of establishing a *prima facie* case of a lack of utility. Thus, any rejection on the grounds of lack of utility should be withdrawn.

The Office Action fails to consider the claim language. Claim 181 is directed to "a computer system" not a process. The Office action states, "The computer system is broadly interpreted to be software designed to assist a tenant in entering an improvements lease. Hence claim 181 merely recites elements of a system (software program elements and not tangible hardware components) without showing any ability to realize functionality of the related elements (i.e. functional descriptive matter per se) and therefore is rendered inoperative lacking any utility. Note that a computer (or software program) code cannot by itself perform the underlying function until it is loaded on some computer readable memory



and accessed by the computer (or a processor). Functional descriptive matter, per se, is not statutory.”

Thus, the Office Action calls the invention recited in claim 181, software in disregard of the claim language which recites “A computer system, comprising: hardware and/or software designed to assist a tenant in entering an improvements lease....”

The rejection is a confused jumble of legal concepts and therefore, there can be no meaningful reply. The rejection should be withdrawn.

Claims 1 and 2, and Claims 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179, 180 and 181 and the Useful, Concrete and Tangible Result Test

With respect to the rejections of Claims 1 and 2 as not requiring any physical transformation and not producing a useful, concrete and tangible result and Claims 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179, 180 and 181 and dependent claims as not producing a useful, concrete and tangible result; these rejections should be withdrawn for not applying the proper legal standard.

The Federal Circuit in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), stated: “[W]e also conclude that the “useful, concrete and tangible result” inquiry is inadequate and reaffirm that the machine-or-transformation test outlined by the Supreme Court is the proper test to apply.” *Id.* at 20. The Office Action applies a legal standard expressly rejected in the *Bilski* case, and the rejections should be withdrawn.

Claims 1, 2, 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179-181

With respect to the rejections of Claims 1, 2, 31, 56, 74, 93, 102, 119, 130, 133, 140, 148, 154, 158, 161, 172, 179-181 as an abstract idea and lacking transformation of any physical subject matter.

The Patent Office seems to be taking the position that business method claims are not patentable. This position is not consistent with the law. The Federal Circuit in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), stated: “We rejected just such an exclusion in State Street, noting that the so-called “business method exception” was unlawful and that business method

claims (and indeed all process claims) are ‘subject to the same legal requirements for patentability as applied to any other process or method.’ *Id.* at 21 (citing *State Street Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368, 1375-76 (Fed. Cir. 1998)). The court stated: “[W]e decline to adopt a broad exclusion over software or any other category of subject matter beyond the exclusion of claims drawn to fundamental principles set forth by the Supreme Court.” *Id.* at n. 23. Thus, business method claims are patentable subject matter. The rejections of Applicant’s claims are improper.

Applicant notes some additional points.

- Why is the claim language “performed with the assistance of a computer” not a “practical application?” This October 2008 Action simply ignores the claim language. This issue was raised in Applicant’s paper of February 27, 2007. Why did the Action of November 2008 not “answer all material traversed?” How can prosecution advance if Applicant is given no indication of whether an examiner agrees or disagrees with the prior papers?
- Applicant provided citations to documents having force of law that give the relevant definition of the term “abstract.” (Applicant’s paper of Feb 26, 2007, at page 48) and asked that “If the Examiner disagrees with the Board, CCPA or Supreme Court,” that the Examiner identify a document having force of law to support the alternative definition. Applicant asks again – does the Examiner agree or disagree with the Board, CCPA, and Supreme Court, or disagree? If disagree, why, and on what authority?
- At page 7, the October 2008 Action cites *Ex parte Lundgren*, 76 USPQ2d 1385 (BPAI 2005) and notes, correctly, that *Lundgren* is precedential. The Action cites *Lundgren* for pages 1407-08. But – the Action does not indicate that pages 1407-08 are from the dissent, that is, a statement of what the law is not. If a party made this kind of baldly misleading representation to a court, the party would be sanctioned. This goes to basic truthfulness. It is a clear effort to obstruct prosecution, to misappropriate claim coverage.
- The October 2008 Office Action cites *Ex parte Bilski*, Appeal No. 2002-2257, but provides neither a copy nor a citation to where a copy may be found. Once a copy was found, Applicant notes that *Bilski* is not listed among the PTO’s precedential decisions, rather it is only listed among the non-precedential opinions. The PTO specifically withheld any authority from the Examiner to cite *Ex parte Bilski*. How can examination proceed in any rational way when the Examiner relies on documents that the PTO insists are not law?
- All of the claims recite language like “performed with assistance of a computer.” Yet the Office Action states “the method can be performed by a human and also by a computer.” The law has long been clear that a claim that has some mental steps may

be patentable, if it also includes some steps that are not mental steps. How does the Action apply this law to this claim?

- Applicant's paper of February 26, 2007 included an Affidavit (Exhibit B) that showed that the invention is "useful, concrete, and tangible," showing that the invention fits almost word-for-word with the *State Street* court's definition of "useful, concrete, and tangible." (Applicant's paper of February 26, 2007, at page 50, Traverse 13.) The October 2008 Action is dead silent in reply. Why did the Action fail to "answer All Material Traversed?" How can a failure to deal with an affidavit be construed as anything other than a continuation of the deliberate obstruction of prosecution that Examiner Chencinski conceded to be the policy set by PTO management?

The rejections under Section 101 are improper.

### **Conclusion**

The Office Action was issued outside the authority granted by the PTO to the Examiner. It does not represent examination of the application, let alone rejection of claims. Finality is premature. The restriction requirement was improper.

Applicant respectfully submits that the claims are in condition for allowance, and would be found to be so if the application were simply examined within the law. Applicant requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to resolve any condition that would impede allowance.

In the event that any additional extension of time is required, Applicant petitions for that extension of time required to make this reply timely. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3219, Order No. 1906-003 .

Respectfully submitted,



Dated: March 4, 2009

By: /Donna L. Angotti/  
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MEMORANDUM

DATE: May 15, 2008  
TO: Technology Center Directors  
FROM: John J. Love *John J. Love*  
Deputy Commissioner for Patent Examination Policy

SUBJECT: **Clarification of "Processes" under 35 USC § 101**

Last week, the U.S. Patent & Trademark Office presented its views on subject matter eligibility of process claims to the Court of Appeals for the Federal Circuit in *In re Bilski*, Appeal No. 2007-1130. This memo is to ensure that examiners are examining applications consistent with that view. In particular, this clarification is provided to assist examiners in determining, on a case by case basis, whether a **method** claim qualifies as a patent eligible process under 35 USC § 101. The following discussion is intended to be used in conjunction with the Interim Guidelines when evaluating whether a claimed invention falls within a statutory category of invention. (See MPEP § 2106.IV.B: *Determine Whether the Claimed Invention Falls Within An Enumerated Statutory Category*.)

As explained in the Interim Guidelines, the first step in determining whether a claim recites patent eligible subject matter is to determine whether the claim falls within one of the four statutory categories of invention recited in 35 USC § 101: process, machine, manufacture and composition of matter. The latter three categories define "things" or "products," while a "process" consists of a series of steps or acts to be performed. For purposes of § 101, a "process" has been given a specialized, limited meaning by the courts.

Based on Supreme Court precedent<sup>1</sup> and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.<sup>2</sup> If neither of these requirements is met by the claim, the method is not a patent eligible process under § 101 and should be rejected as being directed to non-statutory subject matter.

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject

<sup>1</sup> *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876).

<sup>2</sup> The Supreme Court recognized that this test is not necessarily fixed or permanent and may evolve with technological advances. *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972).

matter that is being transformed, for example by identifying the material that is being changed to a different state.

If the claimed method is determined to be a statutory subject matter eligible process, the inquiry proceeds to determine whether the claimed invention falls within a judicial exception (law of nature, natural phenomena, or abstract idea), as explained in detail in the Interim Guidelines. Determining whether the claimed invention is directed to a statutory category of invention is a **separate inquiry** from whether the claimed invention falls within a judicial exception and whether the invention is limited to a specific practical application of a judicial exception. A complete examination of the pending claims should be made so that all potential rejections and objections are raised normally in the first Office action on the merits. Examiners should use the criteria in this memo for the first step in the analysis for statutory subject matter eligibility of process claims under § 101 and refer to the Interim Guidelines (MPEP 2106.IV.C.) for the additional analysis with respect to determining whether a claim is directed to a judicial exception and whether the invention has a practical application.

The state of the law with respect to statutory subject matter eligibility under § 101 is evolving and is presently an issue in several cases under appeal at the Federal Circuit. As the pending cases on appeal are decided, the Interim Guidelines will be revised to reflect any additional guidance the Office receives from the courts. Examiners are encouraged to seek assistance from their managers and pertinent training materials.